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SUBJECT: SHUFFLE AT MEDT DEPUTIES' LEVEL

REF: MOSCOW 365

¶1. (SBU) Summary. MEDT's long expected personnel re-organization is underway. Embassy contact Andrey Klepach was promoted from within MEDT to a Deputy Minister position and another contact, Stanislav Voskrenseny, was transferred from the Presidential Administration and also appointed as a Deputy Minister. Two senior MEDT officials, Deputy Minister Kirill Androsov and Saeed Batkibekov, Director of the Department of Socio-Economic Reforms, are rumored to be leaving soon for Sberbank and Troika Dialog, respectively. The personnel changes are not expected to affect WTO negotiations and may increase MEDT's intra-governmental clout. End Summary.

¶2. (SBU) On February 20, PM Zubkov appointed Andrey Klepach, currently Director, Macro-Economic Forecasting, MEDT, as Deputy Minister, one of six deputy positions. Klepach is considered one of the strongest macro-economists in the GOR, and will continue to be responsible for forecasting and strategic planning. Klepach has been long-time contact of the Embassy's and in 2001, he participated in a two-week, USAID-sponsored training program in the U.S.

¶3. (SBU) The same day, Zubkov also appointed 34-year-old Stanislav Voskrenseny, currently Deputy Head, Expert Directorate, Presidential Administration, as another of MEDT's Deputy Ministers, in charge of tax and investment policy. This position has been vacant for several months. Voskrenseny is well-known to the Embassy, and has been a key interlocutor on IPR issues, including participating in the Embassy-hosted IPR roundtable on the Russian music industry in April 2007. USG officials also have engaged with Voskrenseny several times on Russia's Strategic Sectors Law (SSL) and he has traveled to the U.S. to speak about the SSL. He personally has supported limited application of this law and greater involvement of foreign investors in these sectors. Voskrenseny also has a close rapport with his former boss, Arkady Dvorkovich, Head, Expert Directorate, and is well-respected in the Presidential Administration. He has contributed much of the economic policy content in Putin's recent addresses, including the February 8 State Council address which outlined "Russia's 2020 Vision." Voskrenseny also assisted in drafting Medvedev's "Four 'I's" speech in Krasnoyarsk. Voskrenseny's promotion should be a positive step forward for IPR protection. His appointment also might help to ensure clear rules governing foreign investment in Russia's strategic sectors. Moreover, in light of the political patronage Voskrenseny seems to enjoy, his appointment may lay to rest rumors that MEDT will play a lesser role in Russia's economic policy-making.

¶4. (SBU) Deputy Trade Minister Kirill Androsov is rumored to

be leaving for a senior deputy position at Sberbank. If true, Androsov, with his MBA from the University of Chicago and Ph.d in economics from St. Petersburg Naval Technical University, would bring much needed macro-expertise and business savvy to Sberbank. He was a protégé of German Gref, having worked for Gref in the St. Petersburg government before MEDT. The press has covered extensively Androsov's purported move to Sberbank - but neither Sberbank nor Androsov has confirmed this. Nonetheless, his rumored appointment already has met with some criticism since he, like Gref, does not have a banking background. If Androsov were to make the move, Sberbank would likely benefit from his experience as a member on the Board of Directors of Rosneft, Svayazinvest, and VTB. (Comment: Androsov would likely step down from these positions once he left MEDT.) Sberbank also would be positioned well to participate in infrastructure financing projects. Androsov at one time headed the MEDT's Infrastructure Reform Department and spearheaded the GOR's private-public partnership strategy on infrastructure.

15. (SBU) Also expected to leave the MEDT is Saeed Batikibekov, who is expected to head the Infrastructure Fund of Troika Dialog. Russian investment house Troika is continuing its practice of snatching up the most promising, market-oriented GOR officials. In July 2007, Troika hired Andrei Sharnov, who had served nine years of Deputy Trade Minister. Sharonov is now Troika's Managing Director.

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